Foreign aid for developmental requirements of country

274. SHRI PARVATHANENI UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether the foreign aid and concessional loans agreed to by the main donor nations and aid giving agencies to India are adequate for the developmental requirements of the country;

(b) what is the amount likely to be raised for developmental purposes from the internal resources of the country; and

(c) what is the total foreign debt and what is the repayment burden on the country at present.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) The need for foreign aid and concessional loans of developing countries such as India is large and the assistance made available by the main donor nations and aid giving agencies is inadequate in relation to the developmental requirements of the country.

(b) The 7th Plan envisages Public Sector Investment of Rs. 180,000 crores. 90 per cent of this would be raised from internal resources.

(c) The total foreign debt as on 31-3-1986 on Government Account works out to Rs. 26718.42 crores. The debt repayment, on Government account during the year 1986-87 is estimated to be around Rs. 862 crores. Interest payment is Rs. 582 crores.

Guidelines for investment in the capital market

275. SHRI PARVATHANENI UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether a new set of guidelines for investment in the capital market have been finalised by Government; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) A copy of the Government Press Release regarding the Issue of "Tax Free" Bonds by Public Sector Enterprises is attached.

No. S. 11(16)-CCI(II)/86

Government of India

Ministry of Finance

Department of Economic Affairs

Office of the Controller of Capital Issues

PRESS RELEASE

SUB—Issue of "Tax Free" Bonds by Public Sector Enterprises.

Government had issued guidelines regarding floatation of bonds by public sector undertakings in the Telecommunications and Power Sectors in the last financial year. In the Budget Speech this year, the Finance Minister had announced that Government will introduce another series of public sector bonds with a tax free return.

2. In pursuance of this, it has been decided to allow Government, corporate bodies, as may be permitted by the Government, to issue bonds for setting up of new projects, expansion or diversification of existing projects capital expenditure for modernisation or for augmenting the resources of the company for working capital requirements, subject to Government's clearance. This series will be in additon to the earlier series of Power and Telecom Bonds

3. In the new series the interest rate shall be upto a maximum of 10 per cent. The period of redemption will normally be upto 10 years; which could be increased in suitable cases. However, the interest rate and period of redemption shall be approved by the Government on a case-by-case basis. The income from these bonds shall be completely free from income tax. The bonds will be exempt from Wealth Tax without any limit. They will be transferable by endorsement and delivery. Decision on quantum etc. will be taken by the Ministry of Finance on a case-by-case basis.

New Delhi; the 15th July, 1986.